GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) – Granting Government guarantee for the loan brought by APIIC and to authorize the Board of Directors of APIIC Limited to borrow money up to Rs.5,000 Crores from time to time for land acquisition – Permission – Accorded – Orders - Issued

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INDUSTRIES AND COMMERCE (INFRA) DEPARTMENT

G.O.MS.No. 189 Dated: 26-12-2016

Read the following:

1.From the VC&MD, APIIC Lr.No.APIIC/FW/Borrowing Powers/2015, dt.28.03.2016.
2.From the VC&MD, APIIC Lr.No.APIIC/FW/Borrowing Powers/2015, dt.11.11.2016.

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ORDER:

In the reference 1st read above, the Vice Chairman & Managing Director, APIIC has stated that the Government of India have sanctioned Visakhapatnam – Chennai Industrial Corridor (VCIC) with ADB assistance, Chennai and Bangalore Industrial Corridor (CBIC) with Japan International Corporation Agency (JICA) funding, National Industrial Manufacturing Zone (NIMZ), PRIDE which are priority projects for APIIC. The Government of Andhra Pradesh fixed a target of acquisition of land bank of 10.00 Lakh Acres for industrial development of the State. In the process, the company identified to an extent of 1,77,559 Acres. Since ADB and JICA funds are not available for land acquisition and the finance of the company cannot support acquisition of huge land bank, APIIC has to mobilize the resources for land acquisition for the projects. The following are the projects for which funds are required for acquisition of the land, as on date:

Sl.No.	District	Name of the Project	Extent in Acres	Total Amount (Rs. in Crores)
1	Visakhapatnam	Atchutapuram SEZ Expansion	1,700	340
		Nakkapalli VCIC- Node	5,500	990
2	Prakasam	NIMZ- Pamuru	14,230	712
		PRIDE- Donakonda	5,000	250
		Mega Ind. Hub- Donakonda	20,000	1,000
3	Nellore	Krishnapatnam CBIC- Node	8,800	1,320
		Naidupeta	5,000	750
		Pellakuru	2,000	300
4	Chittoor	Yerpedu- Srikalahasti VCIC- Node	10,000	1,000
		EMC- Renigunta	500	75
		Kosalanagaram Auto Hub	1,770	177
		Tadipatri	3,000	300
5	Krishna	Veerapanenigudam, MSME Cluster	200	24
		Peddapuram, IP	1,100	110
		Malavalli, IP	1,400	140
6	Anantapur	Kadiri IP	800	96
		Puttaparthi- Aero space Hub	500	60
		NIMZ- Hindupur	15,000	1,800
		Madakasira	2,000	200
7	Kurnool	Orvakal	10,000	1,000
		TOTAL	**108,500**	**10,644**

2. The Vice Chairman & Managing Director, APIIC has stated that as per Section 180 (1) (c) of the Companies Act, 2013, the Board of Directors of a Company can borrow money, to the extent of aggregate of its paid up share capital and free reserve. Any loans in excess of this special resolution of the share holders is required. As the Government is the share holder in APIIC Ltd, permission from Government is required to take loan from HUDCO in excess of the limit prescribed under section 180 (1) (c).

(P.T.O)

3. Further, the Vice Chairman & Managing Director, APIIC has stated that in compliance with the provisions of section 293 (1) (d) of the Companies Act, 1956, APIIC in its Extra Ordinary General Meeting held on 26.04.2005, has passed a resolution, granting powers to the Board of Directors for borrowing money up to a limit of Rs. 1,000 Crores. The details of the money borrowed by the Board of Directors on behalf of APIIC as on date are as follows:

Sl. No.	Name of the Bank	Sanctioned Amount (₹ in Crores)	Present Amount outstanding (₹ in Crores)	Interest outstanding (₹ in Crores)	Purpose of the Loan
1	Loan from RINL	240	168	108.15	For the purpose of Godavari Water Supply Project given to VIWSCO
2	Loan from NTPC	50	35	22.32	
3	Loan from GVMC	60	--	6.57	
	TOTAL	350	203	137.04	

4. The Vice Chairman & Managing Director, APIIC Limited has, therefore submitted proposal in the matter to Government vide reference 1st read above for requirement of funds to a tune of Rs.10,644/- Crores for acquisition of lands to the total extent of 1,08,500 acres for certain priority projects sanctioned by Govt., of India such as VCIC, CBIC, JICA, NIMZ and PRIDE out of which an immediate requirement of Rs.2000 Crores was indicated for already committed projects in APSEZ, Achuthapuram, Nakkapalli, Naidupeta and other Industrial Parks. While requesting to sanction the loan amount of Rs.2000 Crores. He also proposed to enhance the borrowing limit of the Board of the Company to Rs.5000 Crores from an earlier approved limit of Rs.1000 Crores.

5. In the reference 2nd read above, the VC&MD, APIIC, Vijayawada has stated that the HUDCO sanctioned loan of Rs.2000 Crores ie.Rs.1,820 Crores @ 10.40 pa (fixed) rate of interest (ROI) for land requisition component and Rs.180 Crores @ 10.65% pa (fixed) rate of interest (ROI) for development of industrial infrastructure component of the scheme. The Loan was sanctioned with the terms and conditions that the State Government should grant guarantee for the loan and interest thereon and to mortgage immovable properties (out of the project properties or otherwise) to the extent of at least 30% of the value of the loan as additional security. Further the VC&MD, APIIC has stated that no provision/support in the budget of State Government is required since the repayment of loan will be serviced by APIIC itself, out of the sale proceeds of land allotted. The VC&MD, APIIC, Vijayawada while enclosing the copy of the sanctioned letter of HUDCO has therefore requested the Government to arrange for guarantee for the total amount of Rs.2000 crore.

6. Government after careful examination of the proposal of the Vice Chairman & Managing Director, APIIC Limited, hereby ordered on the following:

(i) granting Government guarantee for the loan proposed by Andhra Pradesh Industrial Infrastructure Corporation Limited(APIIC) i.e. Rs.2000 Crores from HUDCO; and

(ii) authorized the Board of Directors of APIIC to borrow money up to Rs.5,000 Crores from time to time for land acquisition

7. The Vice Chairman & Managing Director, Andhra Pradesh Industrial Infrastructure Corporation Limited, Vijayawada shall take necessary action in the matter accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.SOLOMON AROKIARAJ
SECRETARTY TO GOVERNMENT & CIP

To
The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., H.No.12B, 59A-8-12B, Guru Nanak Colony Road, Teacher's Colony, Vijayawada-520008.

Copy to:
The Director of Industries, Government of A.P., Hyderabad.
The G.A. (Cabinet) Department, A.P. Secretariat. (with reference to U.O.No.840/2016, dt.06.12.2016.)
The P.S. to Principal Secretary to C.M. (GSP).
The P.S.to Secretary to Government & CIP.
SF/SC.

//FORWARDED BY: ORDER//

SECTION OFFICER